

Each new rate of interest will become effective on each Interest Change Date, and each new Full Payment Amount will become effective on the first monthly payment date after the Interest Change Date.

**(B) Required Full Payment Amount**

I will pay the Full Payment Amount as my monthly payment beginning with my 61st monthly payment if my new rate of interest is equal to or less than the Initial Rate of Interest or if I do not choose to limit the amount of my monthly payment as permitted by Section 6 (A) below. Even if I choose to limit my monthly payment, I will pay the Full Payment Amount beginning with my 121st monthly payment.

**5. GRADUATED MONTHLY PAYMENTS 1-60**

My first 12 monthly payments will each be in the amount of U.S. \$.....588.30..... On each of the first four anniversaries of the date my first monthly payment is due, I will begin paying a new monthly payment which will be equal to the amount I have been paying multiplied by the number 1.075. I will pay the new amount of my monthly payment until it changes in accordance with this Section 5 or Sections 6 or 7 below.

**6. BORROWER'S RIGHT TO LIMIT AMOUNT OF MONTHLY PAYMENTS 61-120**

**(A) Calculation of Graduated Monthly Payment Amount**

If my new rate of interest at the first Interest Change Date is greater than the Initial Rate of Interest, I may choose to limit the amount of my new monthly payment. If I do so, on each of the 5th through 9th anniversaries of the date my first monthly payment is due, I will begin paying a new monthly payment which will be equal to the amount I have been paying multiplied by the number 1.075. Even if I have chosen to limit my monthly payment, Sections 6 (B) or 6 (C) below may require me to pay a different amount. I will give the Note Holder notice that I have chosen to limit my monthly payments at least 15 days before my 61st monthly payment is due.

**(B) Reduced Monthly Payment Amount**

My 73rd, 85th, 97th or 109th graduated monthly payment calculated under Section 6 (A) above could be greater than the amount of a monthly payment which then would be sufficient to repay my unpaid principal balance in full on the maturity date at my current rate of interest in substantially equal payments. If so, I will instead then begin paying a new monthly payment, which will be equal to the lower amount, until my 121st monthly payment when I will begin paying my new Full Payment Amount.

**(C) Increased Monthly Payment Amount**

My paying a monthly payment calculated under Section 6 (A) above could cause my unpaid principal balance to exceed the limit stated in Section 8 (B) below. If so, on the date that my paying a monthly payment would cause me to exceed that limit, I will instead begin paying a new monthly payment. This new monthly payment will be in an amount which would be sufficient to repay my then unpaid principal balance in full on the maturity date at my current rate of interest in substantially equal payments, until my 121st monthly payment when I will begin paying my new Full Payment Amount.

**7. MONTHLY PAYMENT 121 AND REMAINING PAYMENTS**

Beginning with my 121st monthly payment, I will pay the Full Payment Amount as my monthly payment.

**8. INCREASES IN THE PRINCIPAL AMOUNT TO BE PAID**

**(A) Additions to My Unpaid Principal Balance**

Each of my first 120 monthly payments could be less than the amount of the interest portion of a monthly payment which then would be sufficient to repay my unpaid principal balance in full on the maturity date at my current rate of interest in substantially equal payments. If so, each month that the amount of my monthly payment is less than the interest portion, the Note Holder will subtract the amount of my monthly payment from the amount of the interest portion and will add the difference to my unpaid principal balance. The Note Holder will also add interest on the amount of this difference to my unpaid principal balance each month. The rate of interest on the interest added to principal will be the rate required by Sections 2 or 4 (A) above.

**(B) Limit on Unpaid Principal Balance**

My unpaid principal balance can never exceed a maximum amount equal to one hundred twenty-five percent (125%) of the principal amount I originally borrowed.

**9. NOTICE OF CHANGES**

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**10. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in a letter that I am doing so.

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates of my monthly payments unless the Note Holder agrees in writing to those delays. My partial prepayment will affect the amount of my monthly payment only after the first Interest Change Date following my partial prepayment, unless my monthly payment is reduced in accordance with Section 6 (B) above.

**11. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

**12. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any of my monthly payments by the end of .....15..... calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be .....4.....% of my overdue payment. I will pay this late charge only once on any late payment.

**(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.